GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:663
ANSWERED ON:26.02.2016
Defective Currency
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Will the Minister of FINANCE be pleased to state:

(a) whether thousands of defective currency produced in the Government owned Security Printing and Minting Corporation of India is found to be in circulation recently;
(b) if so, the details thereof and the reasons therefor;
(c) whether the Government has conducted any enquiry in this regard;
(d) if so, the details thereof and the number of officials found guilty along with the action taken by the Government against the guilty persons;
(e) the steps taken/being taken by the Government to recall the defective currency in circulation; and
(f) the preventive measures taken/being taken by the Government to prevent such type of incidence in the future?

Answer

The Minister of State for Finance:

(a) & (b): On December 11, 2015 it was informed by one of the Regional Office of RBI that they had received some banknotes of ? 1000 denomination without having security thread. Other essential features were present in the banknotes in question.
(c) & (d): An enquiry has been instituted by Security Printing and Minting Corporation of India Limited (SPMCIL) and the Units involved, viz., Security Paper Mill (SPM), Hoshangabad and Currency Note Press (CNP), Nashik. Four personnel of SPM have been issued Show Cause Notice and two among them have been suspended. Eight personnel of CNP have been issued Show cause Notices. Disciplinary proceedings have been initiated against the officials involved.
(e): All the bank branches/currency chests & RBI offices were immediately instructed to stop issuing all banknotes of ?1000 denomination belonging to the detected series. Further they were advised to do detailed verification of these notes in stock. Instructions were issued to all the Concerned Regional Offices of RBI regarding detailed verification of stocks of notes as indicated by SPMCIL. It was decided to remit back these notes to SPMCIL for thorough verification and resupply only those which are found to be fit for circulation.
(f): Action has been taken to strengthen quality procedure and to initiate online inspection system in manufacturing process. Additional inspections have been introduced to ensure defect-free production.